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FISCAL IMPACT STATEMENT

LS 7855

BILL NUMBER: HB 1719

NOTE PREPARED: Jan 20, 2005

BILL AMENDED:

SUBJECT: Driver and Motor Vehicle Matters.

FIRST AUTHOR: Rep. Buck

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill:

- (1) Requires the Commissioner of the Bureau of Motor Vehicles (BMV) to administer the policies and procedures of the BMV and to submit budget proposals for the BMV to the Budget Director;
- (2) Requires the BMV to contract with qualified persons to operate full- and partial-service license branches and requires the qualified persons to collect service charges and deposit them in the License Branch Fund (LBF);
- (3) Allows a person to register certain vehicles for multiple years, with a 20% reduction in registration fees when paid early, and requires the BMV to adopt rules for this procedure;
- (4) Repeals the political contribution paid at the time of an application or renewal for a Personalized License Plate (PLP) and provides for a state fee and service charge to be paid at the time of application or renewal of a PLP;
- (5) Provides that certain Driver's Licenses under certain circumstances and the state Identification Card expire six years after issuance (Current law provides that certain Driver's Licenses under certain circumstances and the state Identification Card expire four years after issuance); and
- (6) Repeals the requirement that the BMV may not reduce the number of license branches in a county unless the BMV holds a public hearing on the proposed closing.

Effective Date: Upon passage; July 1, 2005.

Explanation of State Expenditures: *(Part 1)* The bill eliminates certain references to the Bureau of Motor Vehicles Commission (BMVC) regarding the submission of BMV budget proposals. Submission of BMV budget proposals directly to the State Budget Agency, rather than first to the BMVC, has the potential for reduced administrative expenditures. The funds affected are the Motor Vehicle Highway Account (MVHA), which supports the BMV, and the LBF, which supports the operation of license branches throughout the state.

(Part 2) The specific fiscal impact will depend upon the structure of the contracts for full-service branch operations and partial-service branches. The BMVC currently has about 168 license branches throughout the state, most of which are full-service branches. The fund affected is the LBF.

(Part 3) In order to implement the changes in registration requirements, the BMV will need to revise forms and information, along with attendant computer changes. The fund affected is the MVHA. [Note: This part of the fiscal note will be updated upon receipt of additional information.]

(Part 5) Changing expiration provisions for driver's licenses and identification cards may reduce the expenditures associated with the issuance of these items.

(Part 6) The elimination of the requirement to hold public hearings before reducing the number of license branches in a county may reduce administrative expenditures associated with the hearings, the amount of which is unknown. The fund affected is the MVHA.

Explanation of State Revenues: *(Part 3)* The bill allows a person to register certain vehicles for multiple years, with a 20% reduction in registration fees when paid early, and it requires the BMV to adopt rules for this procedure. The 20% reduction applies to the registration fees and does not include the Motor Vehicle Excise Tax or the County Motor Vehicle Excise Surtax. The table below shows the number of registrations by vehicle type for the last four years and the potential revenue impact from this provision.

Fee + Service Charge	Item	CY 2001	CY 2002	CY 2003	CY 2004 P*	4-Year Average Registrations
\$12+\$2	Passenger	3,724,952	3,755,431	3,773,255	3,756,618	3,752,564
\$20+\$2	Trucks: 7,000 lbs	1,236,227	1,251,048	1,279,881	1,297,067	1,266,056
\$40+\$2	9,000 lbs	36,578	36,760	37,196	38,062	37,149
\$75+\$2	11,000 lbs	50,026	49,287	48,409	47,127	48,712
\$20+\$2	RV	66,703	68,544	66,433	70,621	68,075
\$17+\$2	Cycle	123,486	131,822	133,271	152,794	135,343

*Preliminary

Fee	Item	Potential Revenue	20% Reduction for one year if all eligible drivers took advantage of this proposal.
\$14	Passenger	\$ 52,535,896	\$10,507,179
\$22	Trucks 7	27,853,227	5,570,645
\$42	Trucks 9	1,560,258	312,052
\$77	Trucks 11	3,750,843	750,169
\$22	RV	1,497,656	299,531
\$19	Cycles	2,571,522	514,304
TOTAL		\$89,769,401	\$17,953,880

The impact will depend upon the number of registrants who avail themselves of this proposal, the type of vehicle to be registered, the attendant fees, and the number of years of prepayment.

The bill does not address how the Motor Vehicle Excise Tax is to be paid, how these funds will be distributed to local units, or when the funds will be distributed.

Most of the fees collected are deposited in the MVHA, the Primary Highway System (INDOT), and the Local Road and Street Fund (Locals). The MVHA also contributes funds to the State Police, the Bureau of Motor Vehicles, and the Department of Transportation.

(Part 4) Political Contributions & License Plate Fees: The bill repeals the political contributions of \$30 for the application or renewal of a personalized license plate, and instead deposits the \$30 into the State License Branch Fund. The table below shows a five-year history of the revenue generated from the fee and the distribution to the two major political parties.

	<u>Republican</u>	<u>Democrat</u>	<u>TOTAL</u>
2000	\$687,255	\$687,255	\$1,374,510
2001	705,105	705,105	1,410,210
2002	736,020	736,020	1,472,040
2003	699,795	699,795	1,399,590
2004	664,815	664,815	1,329,630

The State License Branch Fund supports approximately 168 license branches throughout the state.

(Part 5) The bill extends by two years, the validity of certain driver's licenses and identification cards. The table below shows the type and the number of licenses which would be affected. The licenses in the table were issued in CY 2002. The bill provides that licenses issued after January 1, 2006, will be valid for an additional two years. The impact of delayed fee revenue, estimated at \$15.5 M for the licenses listed below, would occur in CY 2010 and CY 2011. Consequently, fee collections will be lowered by an estimated \$15.5 M for each of CY 2010 and CY 2011. The fund affected is the MVHA into which this revenue is deposited.

Fee	CY 2002	Number	Revenue
\$14	Operators' License 4yr.	956,375	13,389,250
\$18	Chauffeur's License	12853	231,354
\$14	Motorcycle License	-	
\$9	Identification Card	205406	1,848,654
	ID Card Renewal		
		1,174,634	15,469,258

[Note: The number of motorcycle licenses issued is small with numbers such as ten issued in one year. The ID Card Renewal is included with the ID card.]

Explanation of Local Expenditures:

Explanation of Local Revenues: See *Explanation of State Revenues*.

State Agencies Affected: Bureau of Motor Vehicles; Bureau of Motor Vehicles Commission.

Local Agencies Affected:

Information Sources: Bureau of Motor Vehicles registration, fee, and licensing data for the years indicated.

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